

Message Text

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46

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SUBJ: INDUSTRIAL INCENTIVES

DEPARTMENT PASS AID

REF: A. VALLETTA A-007 B. VALLETTA 2499, DEC 19, 1973

1. DURING SECOND READING OF A BILL TO AMEND THE 1959 AIDS TO INDUSTRIES ORDINANCE (REF A) ESTABLISHING A LEGAL BASIS FOR GOM'S NEW INDUSTRIAL INCENTIVES PROGRAM, FINANCE MINISTER J. ABELA NOTED THE MLP'S ACHIEVEMENTS IN INCREASING EXPORTS AND INDUSTRIAL EMPLOYMENT. OPPOSITION MEMBER G. BONELLO DU PUIS CHALLENGED ABELA, NOTING THAT MOST NEW INDUSTRIES SET UP DURING THE PAST TWO YEARS EMPLOYED ONLY A HANDFUL OF WORKERS. IN A DEPRECATORY REFERENCE TO SOME OF THE CHINESE AID PROJECTS AND SOME PERSONAL INITIATIVES OF P.M. MINTOFF, BONELLO DU PUIS ASKED WHAT HAD HAPPENED TO THE PROPOSAL FOR CAPERS, ORNAMENTAL GLASS, CHOCOLATE, RATTAN, AND FEATHERS. HE ALSO NOTED THAT AN ITALIAN SHOE-MANUFACTURING PROJECT WHICH WOULD HAVE EMPLOYED 400 HAD NO COME ABOUT. COMPARING MALTA'S INCENTIVE PROGRAM, WHICH INCLUDES DEPRECIATION AND EXPORT ALLOWANCES, A TAX HOLIDAY AND GOVERNMENT FACTORIES AT LOW RENTS WITH ITALY'S

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AND SPAIN'S, BONELLO DU PUIS SAID MALTA WAS TA A

SERIOUS DISADVANTAGE. HE NOTED, FOR EXAMPLE, THAT ITALY'S CASSA PER IL MEZZOGIORNO OFFER A 15-YEAR TAX HOLIDAY AND 85 PERCENT OF THE COST OF MACHINERY AND PLANT AND THAT SPAIN GIVES UNLIMITED DEPRECIATION AND INVESTMENT ALLOWANCES. CITING MALTA DEVELOPMENT CORPORATION REPORT, WHICH STATED THAT TAKES TWO YEARS FROM THE SETTING UP OF AN INDUSTRY FOR THE CREATION OF JOBS, BONNELLO DU PUIS SAID THE MLP COULD NOT CLAIM IT HAD REATED 4,000 NEW JOBS WHEN IT HAD ONLY BEEN IN OFFICE FOR JUST OVER TWO YEARS. HE CONCLUDED BY STATING BEST INCENTIVES WAS A GOVERNMENT WHICH INVESTORS COULD TRUST.

2. COMMENT: BONELLO DU PUIS ' OBSERVATIONS ARE NOTABLE IN VIEW OF VERY WEAK CRITICISM OF MLP PROGRAMS AND POLICIES OFFERED BY OPPOSITION DURING PAST SEVERAL MONTHS. BONELLO DU PUIS IS CORRECT, FOR EXAMPLE, IN SAYING THAT MOST OF THE NEW JOBS CREATED DURING PAST TWO YEARS HAVE BEEN IN WELL ESTABLISHED LARGE INDUSTRIES WHICH WERE SET UP DURING NATIONALIST ADMINISTRATION, SUCH AS U.S. OWNED BLUEBELL MALTA LTD. AND GENERAL INSTRUMENTS EUROPE (MALTA) LTD. SIMILAR OPPORTUNITIES TO RESPOND TO OTHER SERIOUS ECONOMIC DEFICIENCIES IN BANKING AND PETROLEUM SECTORS HAVE BEEN MISSED BY NATIONALIST MP'S
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